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LISTING STATEMENT NO. 2428.

LISTED JANUARY 26, 1970.

4,251,692 Common shares of no par value of which
2,212,382 shares are subject to issuance.
Stock Symbol "CNT".
Post Section 10.
Dial Quotation No. 2348.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

File **CORNAT INDUSTRIES LIMITED**

Incorporated on August 5, 1969, under the Laws of the Province of British Columbia pursuant to Articles and Memorandum of Association. Certificate Number 88,479.

CAPITALIZATION AS AT DECEMBER 18, 1969

(A) SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common Shares n.p.v.	6,000,000	2,039,310 (a)	4,251,692 (b)
(a) as of close of business December 18, 1969.			
(b) of which 2,212,382 common shares are subject to issuance.			

(B) COMMON SHARE PURCHASE WARRANTS	ISSUED AND OUTSTANDING	TO BE LISTED
Share purchase warrants	7	Nil

1. APPLICATION

CORNAT INDUSTRIES LIMITED (hereinafter called the "Company") hereby makes application for listing of 4,251,692 common shares without nominal or par value in the capital stock of the Company, of which 2,039,310 have been issued and are outstanding as fully paid and non-assessable. The remaining 2,212,382 shares included in this application have been reserved as follows:

For issue pursuant to the offers (herein described) for all the shares of Coronation Credit Corporation Limited	2,112,382
For issue on exercise of the share purchase warrants by the holders thereof	100,000
	<u>2,212,382</u>

2. HISTORY

The Company was incorporated on August 5, 1969, pursuant to Articles and Memorandum of Association under the Companies Act of the Province of British Columbia, to acquire all the listed and outstanding shares of Coronation Credit Corporation Limited, which company was incorporated pursuant to Articles and Memorandum of Association under the Companies Act of the Province of British Columbia, and is listed on The Toronto Stock Exchange, the Montréal Stock Exchange, and the Vancouver Stock Exchange.

On September 8, 1969, the Company made formal offers to the shareholders of Coronation Credit Corporation Limited, offering common shares of Cornat for all the outstanding shares of Coronation Credit Corporation Limited on the basis of one common share of the Company for each Common share and for each 6% Cumulative Redeemable Convertible Preference share Series A of Coronation. A copy of the formal offers, which were declared binding on Cornat on November 1, 1969, setting forth all the terms and conditions of the offers is enclosed with this listing application. Also enclosed are copies of the "Circular" and the "Directors' Circular" prescribed by Part IX of the Securities Act, 1967, of the Province of British Columbia, and Part IX of the Securities Act, 1966, as amended, of the Province of Ontario.

On October 17, 1969, the Company made a formal offer to the shareholders of Mid-West Tankers Ltd. to acquire all the issued and outstanding 170 shares of that company. The offer was accepted in consideration of 138,714 common shares of Cornat and \$444,738.25. The closing took place on November 14, 1969, the shares in Mid-West being held for Cornat by Cortran Transport Limited, then a wholly-owned subsidiary incorporated by Cornat on November 7, 1969. Subsequently Coronation Credit Corporation Limited acquired an equal interest with Cornat in Cortran Transport Limited.

3.

NATURE OF BUSINESS

The Company is an investment and holding company whose assets at December 18, 1969, were monies in hand, certain prepaid expenses, receivables, and short-term investments, 137,477 Class "B" shares of Public Freightways Ltd., 10 Class "A" shares of Rempel-Trail Transportation Ltd., 50 Common and 3,420 Preference shares of Cortran Transport Limited, 186 Class "B" shares of Tandem Holdings Ltd., and 1,737,062 Common shares and 134,650 Preference shares of Coronation Credit Corporation Limited. Other than Coronation Credit Corporation Limited and Rempel-Trail Transportation Ltd. (the latter being a private company incorporated under the laws of the Province of Alberta), these companies are private companies incorporated under the laws of the Province of British Columbia. The shares in these companies held by Cornat do not represent control of any class of share in any company, with the exception of the Common shares of Coronation Credit Corporation Limited, which in turn holds all the other issued and outstanding shares of all the companies in which Cornat has an interest, as set forth above.

For a more complete description of the Company, see the "Circular" enclosed with this listing Application. Other than the Directors and Officers, no persons are engaged in the affairs of the Company as of December 18, 1969.

4.

INCORPORATION

Cornat Industries Limited was incorporated under the laws of the Province of British Columbia on August 5, 1969, with authority to issue 6,000,000 common shares without nominal or par value.

5.

SHARES ISSUED DURING PAST TEN YEARS

<u>Date of Issue</u>	<u>No. of Shares Issued</u>	<u>Realized per Share</u>	<u>Total Consideration</u>	<u>Purpose of Issue</u>
August 20/69	5	\$5.00	\$25.00	Subscribers' Shares
August 20/69	28,979			Issued as consideration for shares in Public Freightways Ltd., Rempel-Trail Transportation Ltd., and Tandem Holdings Ltd. Further details on this transaction are contained in the Circular enclosed and in "Nature of Business" above.
November 1 to December 18/69	1,871,612			Issued as consideration for shares in Coronation Credit Corporation Limited pursuant to offers dated September 5, 1969.
November 10 to November 14/69	138,714			Issued as consideration for shares in Mid-West Tankers Ltd.

NOTE: Share Purchase Warrants issued and outstanding were issued to provide funds for incorporation costs and the costs of the offers to acquire the shares of Coronation Credit Corporation Limited.

See "Options, etc.," below.

6.

STOCK PROVISIONS AND PRIVILEGES

Each common share of the Company carries one vote on a poll at all meetings of shareholders. Such vote can be given in person or by proxy.

7.

DIVIDEND RECORD

Cornat Industries Limited has not paid any dividends on its shares.

8.

RECORD OF PROPERTIES

Cornat Industries Limited is an investment and holding company and actually owns no properties or plant.

9.

SUBSIDIARY OR CONTROLLED COMPANIES

Cornat Industries Limited owns or controls the companies referred to in paragraph 3 hereof ("Nature of Business") in the manner described therein.

10.

FUNDED DEBT

Cornat Industries Limited has no funded debt.

11.

OPTIONS, ETC.

Cornat Industries Limited has currently outstanding 7 Share Purchase Warrants giving the holders thereof the right to subscribe for a total of 100,000 common shares of the Company at \$3.00 per share until July 31, 1979. A warrant issued initially to Douglas Developments Limited for the sum of \$25,000.00 to provide funds for incorporation costs and the costs of the offers to acquire the issued and outstanding shares of Coronation Credit Corporation Limited, was on October 20, 1969, sub-divided into the seven share purchase warrants presently outstanding.

12. LISTING ON OTHER STOCK EXCHANGES

The shares of Cornat Industries Limited are listed on the Vancouver Stock Exchange.

13. STATUS UNDER SECURITIES ACT

Cornat Industries Limited has not been engaged in the distribution of any of its securities to the public. The offers to acquire the shares of Coronation Credit Corporation Limited require, on acceptance, as provided for in the offers, the issuance of securities of Cornat Industries Limited but, as such, are exempt from registration under the Securities Act, 1967, of the Province of British Columbia and the Securities Act, 1966, as amended, of the Province of Ontario. The Circular and the Directors' Circular in relation to the offers to the shareholders of Coronation Credit Corporation Limited, together with a copy of the said offers, have been filed with the Securities Commissions of British Columbia and Ontario.

The issuance of shares in the acquisition of all the issued and outstanding shares of Mid-West Tankers Ltd. was declared by the British Columbia Securities Commission not to be a trade in securities made in the course of a primary distribution to the public.

14. FISCAL YEAR

The fiscal year of Cornat Industries Limited ends on October 31 of each year.

15. ANNUAL MEETING

The Articles of Association of Cornat Industries Limited provide that the first annual meeting shall be held within 18 months from the date of incorporation, and thereafter an annual meeting shall be held once in each calendar year at such time (not more than 15 months after the last preceding annual general meeting) and place as may be determined by the Directors. No annual meeting of shareholders of Cornat Industries Limited has as yet been held.

16. HEAD OFFICE

The head office of the Company is located at 1030 West Georgia Street, Vancouver 5, British Columbia. Cornat Industries Limited has no other offices.

17. TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar of Cornat Industries Limited is:

National Trust Company Limited,
510 Burrard Street,
Vancouver 1, British Columbia.

18. TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

19. AUDITORS

The auditors of Cornat Industries Limited are:

Price Waterhouse and Co.,
1075 West Georgia Street,
Vancouver 5, British Columbia.

20. OFFICERS

The Officers of Cornat Industries Limited are:

Peter Paul Saunders—President and Chairman.

William E. Donnelly—Executive Vice-President.

G. Martin Greer—Secretary and General Counsel.

Barrister and Solicitor, Secretary and General Counsel of Coronation Credit Corporation Limited. Secretary and General Counsel, Columbia Cellulose Corporation Ltd., 1965-1968. Secretary of Columbia Cellulose, 1963-1965.

21. DIRECTORS

The following are the Directors of Cornat Industries Limited:

Roderick M. Hungerford—6674 Marine Crescent, Vancouver, British Columbia.

President of Flex-Lox Industries Limited. Up to October 15, 1968, was President of Clayburn-Harison Ltd. Director of Coronation Credit Corporation Limited since 1967.

David S. Beatty—268 Lytton Boulevard, Toronto, Ontario.

Financial Consultant. Up to January, 1966, was Deputy Chairman of the Board and President of Burns Bros. and Denton Limited. Director of Coronation Credit Corporation Limited since 1962.

Latham C. Burns—261 Warren Road, Toronto 7, Ontario.

President and Director of Burns Bros. and Denton Limited. Up to January, 1966, was Executive Vice-President of Burns Bros. and Denton Limited. Director of Coronation Credit Corporation Limited since 1967.

William E. Donnelly—4725 Connaught Drive, Vancouver, British Columbia.

Executive Vice-President and General Manager of Coronation Credit Corporation Limited and Vice-President of that Company since November, 1967. Up to November, 1967, was Vice-President of Laurentide Financial Corporation Ltd. Director of Coronation since 1968.

William J. Ferguson, Jr.—6555 Adera Street, Vancouver, British Columbia.

President of Columbia Trailer Co. Ltd. Up to June 30, 1967, was President of Canadian Kenworth Ltd. Director of Coronation Credit Corporation Limited since 1958.

Arthur J. N. Foss—101 Cortleigh Boulevard, Toronto, Ontario.

Retired. Chairman of the Board of Coronation Credit Corporation Limited from November, 1966, to September, 1968. Prior to September, 1964, was a Deputy General Manager of the Bank of Montreal. Director of Coronation since 1966.

Richard I. Nelson—5630 Angus Drive, Vancouver, British Columbia.

President and Chief Executive Officer of British Columbia Packers Limited. From 1965 to January, 1969, was President of Nelson Bros. Fisheries Limited. Director of Coronation Credit Corporation Limited since 1967.

Peter Paul Saunders—2186 S.W. Marine Drive, Vancouver, British Columbia.

President of Coronation Credit Corporation Limited. President of Douglas Developments Limited. Chairman of the Board of Coronation from 1958 to 1963. From April, 1966 to April, 1967, was Vice-Chairman of the Board of Laurentide Financial Corporation Ltd. Up to April, 1966, was President of Laurentide Financial Corporation Ltd. Director of Coronation from 1954 to 1963 and since 1967.

George D. Sherwood—1125 Queens Avenue, West Vancouver, British Columbia.

Vice-President of Odlum Brown & T. B. Read Ltd. Up to December, 1966, was Vice-President of Thomas B. Read Company Ltd. Director of Coronation Credit Corporation Limited since 1958.

22.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, the applicant company hereby applies for listing the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



CORNAT INDUSTRIES LIMITED

"W. E. DONNELLY",
Executive Vice-President

"G. M. GREER",
Secretary and General Counsel

No Securities Commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

These Offers are not and under no circumstances are to be construed as offers to any resident of the United States of America or of any of the territories or possessions thereof.

OFFERS

by

CORNAT INDUSTRIES LIMITED

To the registered holders of shares (other than those resident in the United States of America, or any of the territories or possessions thereof)

of

CORONATION CREDIT CORPORATION LIMITED

The basis of the Offers are:

1 fully paid and non-assessable common share without nominal or par value of Cornat Industries Limited in exchange for 1 fully paid and non-assessable Common share without nominal or par value or 1 fully paid and non-assessable 6% Cumulative Redeemable Convertible Preference share Series A with a nominal or par value of \$2.50 each, of Coronation Credit Corporation Limited [see 1 of the "Terms and Conditions" in respect of Series A shares deposited after 4:00 o'clock in the afternoon (Pacific Standard Time) January 24, 1971].

The Offers, subject to extension by Cornat Industries Limited, will expire in respect of Common shares without nominal or par value of Coronation Credit Corporation Limited at 4:00 o'clock in the afternoon (Pacific Standard Time) on January 8, 1970, and in respect of 6% Cumulative Redeemable Convertible Preference shares Series A with a nominal or par value of \$2.50 each of Coronation Credit Corporation Limited at 4:00 o'clock in the afternoon (Pacific Standard Time) on January 24, 1974.

The right is reserved to Cornat Industries Limited in certain circumstances to (i) extend the dates of expiry of the Offers beyond those set out above, and (ii) to advance to a date prior to December 5, 1969, the date when it first becomes bound by the provisions of the Offers to exchange shares pursuant to the Offers [see 3 of the "Terms and Conditions"].

The Offers appear on pages 2 and 3. A Circular accompanies the Offers and commences on page 7.

The Directors of Coronation Credit Corporation Limited recommend acceptance of the Offers. Their Directors' Circular commences on page 18.

Shareholders who intend to accept must use the attached Letter of Acceptance and Transmittal.

OFFERS

by

CORNAT INDUSTRIES LIMITED

To the registered holders of the Common shares and the 6% Cumulative Redeemable Convertible Preference shares Series A of Coronation Credit Corporation Limited (other than those resident in the United States of America or any of the territories or possessions thereof)

Cornat Industries Limited ("Cornat") hereby offers, subject to the terms and conditions herein-after provided which form a part of the Offers, to acquire:

- (a) all the outstanding Common shares without nominal or par value ("Common shares") in the capital of Coronation Credit Corporation Limited ("Coronation"), except such shares held by residents of the United States of America or any of the territories or possessions thereof, by exchanging therefor one (1) fully paid and non-assessable common share without nominal or par value in the capital of Cornat for each of the Common shares;
- (b) all the outstanding 6% Cumulative Redeemable Convertible Preference shares Series A with a nominal or par value of \$2.50 ("Series A shares") in the capital of Coronation except such shares held by residents of the United States of America or any of the territories or possessions thereof, by exchanging therefor,
 - (i) until 4:00 o'clock in the afternoon (*Pacific Standard Time*) on January 24, 1971 one (1) fully paid and non-assessable common share without nominal or par value in the capital of Cornat for each of the Series A shares,
 - (ii) from 4:00 o'clock in the afternoon (*Pacific Standard Time*) on January 24, 1971 until 4:00 o'clock in the afternoon (*Pacific Standard Time*) on January 24, 1974, one (1) fully paid and non-assessable common share without nominal or par value in the capital of Cornat for each Series A share plus fifty cents (50¢) per share.

The Offers, subject as hereinafter provided, may be accepted by the registered holders of Common shares until 4:00 o'clock in the afternoon (*Pacific Standard Time*) on January 8, 1970 and by the registered holders of Series A shares until 4:00 o'clock in the afternoon (*Pacific Standard Time*) on January 24, 1974.

Terms and Conditions

1. Acceptance of the Offer(s) can be made by the registered holders of shares of Coronation only by depositing or causing to be deposited, within the time stipulated, with the National Trust Company, Limited, at its office, 510 Burrard Street, Vancouver 1, B.C. the accompanying Letter of Acceptance and Transmittal (pages 5 and 6) properly executed, and the certificate or certificates representing their Common shares or their Series A shares in respect of which the Offer is being accepted, plus, **only where acceptance is made after 4:00 o'clock in the afternoon (*Pacific Standard Time*) January 24, 1971 in respect of Series A shares**, an amount equal to fifty (50¢) per share for each such Series A share represented by the certificate deposited.
2. Receipt by or on behalf of National Trust Company, Limited of the items set forth in the immediately preceding paragraph shall be deemed to be acceptance of the Offer in respect of the shares represented by the certificate or certificates so received.
3. THE OFFER(S) SHALL BECOME BINDING UPON CORNAT ONLY IF CERTIFICATES REPRESENTING AT LEAST 50% OF THE AGGREGATE TOTAL OF THE COMMON SHARES AND THE SERIES A SHARES ISSUED AND OUTSTANDING AT 4:00 O'CLOCK IN THE AFTERNOON (PACIFIC STANDARD TIME) ON DECEMBER 8, 1969 (THERE BEING 3,982,185 SUCH SHARES ISSUED AND OUTSTANDING ON THE DATE OF THE OFFER(S)) ARE DEPOSITED ON OR BEFORE 4:00 O'CLOCK IN THE AFTERNOON (PACIFIC STANDARD TIME) ON THAT DAY IN THE MANNER HEREIN PROVIDED; BUT CORNAT MAY IN ITS DISCRETION EXTEND SUCH PERIOD FOR DEPOSIT TO 4:00 O'CLOCK IN THE AFTERNOON (PACIFIC STANDARD TIME) ON JANUARY 8, 1970 OR MAY WAIVE THIS CONDITION AT ANY TIME. IF THE PERIOD FOR DEPOSIT IS EXTENDED, CORNAT WILL SO NOTIFY

NATIONAL TRUST COMPANY, LIMITED IN WRITING ON OR BEFORE DECEMBER 8, 1969; IF THIS CONDITION IS MET OR WAIVED, CORNAT SHALL PROMPTLY DECLARE THE OFFER(S) BINDING BY LETTER TO NATIONAL TRUST COMPANY, LIMITED, AND THEREAFTER THEY SHALL BE UNCONDITIONAL.

4. If the Offer(s) become binding, Cornat in its discretion may from time to time extend the time for acceptance of the Offer(s) without notice to the shareholders of Coronation who have not deposited their shares.

5. Any shares represented by certificates deposited as hereinbefore provided may be withdrawn by the depositing shareholder until the expiration of seven (7) days from the date of mailing of the Offer(s) but, if not so withdrawn, or if deposited after that date, will be taken up by Cornat forthwith on the declaration that the Offer(s) are binding, and subsequent thereto during the period of the Offer(s) in accordance with the terms thereof.

6. If Cornat has not declared the Offer(s) binding by January 8, 1970, all certificates theretofore and thereafter deposited, pursuant to the Offer(s), will be returned within ten (10) days.

7. Certificates representing the common shares in the capital of Cornat to be issued as fully paid and non-assessable in exchange for shares of Coronation shall be delivered to shareholders of Coronation or, at the option of Cornat, shall be forwarded by mail to such shareholders at their respective addresses specified in the Letter of Acceptance and Transmittal. In the event that no such address is so specified, certificates shall be sent to the respective addresses of such shareholders as the same appear in the books of Coronation.

8. All such share certificates which are mailed shall be deemed to have been delivered to any registered holders as soon as the letter to each such registered holder has been received by the Post Office.

9. Cornat is desirous of acquiring all the outstanding Common shares and proposes, if the Offer in respect of such shares becomes binding and if it is accepted prior to January 8, 1970 by the holders of not less than 90% of the Common shares, to invoke the provisions of Section 181 of the Companies Act of British Columbia to acquire the Common shares in respect of which such Offer has not theretofore been accepted.

10. Cornat is desirous of acquiring all the outstanding Series A shares and proposes, if the Offer in respect of such shares becomes binding and if it is accepted prior to January 8, 1970 by the holders of not less than 90% of the Series A shares, to invoke the provisions of Section 181 of the Companies Act of British Columbia to acquire the Series A shares in respect of which such Offer has not theretofore been accepted.

11. The common shares in the capital of Cornat hereby offered in exchange for the shares of Coronation are not being offered in, or to residents of, the United States of America or any of the territories or possessions thereof. Cornat will not accept shares in the capital of Coronation tendered to it for exchange under the terms of these Offers by any person directly or through an agent, where such person appears to Cornat to be or where Cornat has reason to believe such person is a resident of the United States of America or of any territory or possession thereof.

DATED at Vancouver, British Columbia, this 5th day of September, 1969.

CORNAT INDUSTRIES LIMITED,

Roderick M. Hungerford,
Chairman.

LETTER OF ACCEPTANCE AND TRANSMITTAL

To accompany certificates for shares of Coronation Credit Corporation Limited delivered pursuant to Offer(s) dated September 5, 1969 of Cornat Industries Limited

TO:

National Trust Company, Limited,
510 Burrard Street,
Vancouver 1, B.C.,
Canada.

As Agent for Cornat Industries Limited

Dear Sirs:

1. The undersigned registered holder(s) of and with full authority to sell and transfer the shares of Coronation Credit Corporation Limited (referred to below as "Coronation"), represented by the certificate(s) delivered herewith (particulars whereof are set out below) hereby accept(s) the offer(s) to exchange such shares on the terms and subject to the conditions set out in the Offer(s) by Cornat Industries Limited made by it in its Offer(s) dated September 5, 1969, and the undersigned hereby deposit(s) such certificate(s) with National Trust Company, Limited, Vancouver, B.C., the depository (referred to below as the "Agent"), for exchange of the shares represented by such certificate(s) for fully paid and non-assessable common shares of Cornat Industries Limited in accordance with the said Offer(s).

**Certificate
Number(s)**

**Name(s) in which
registered**

**Class of
Share***

**Number of
Shares**

* Indicate 'Common' or 'Series A Preference'

NOTE: If this letter is for delivery after January 24, 1971 in respect of Series A shares, complete the following:

Enclosed is the sum of \$ _____, being 50¢ in respect of each 6% Cumulative Redeemable Convertible Preference share Series A represented by the enclosed certificate(s).

2. In consideration of Cornat Industries Limited causing the Agent to accept the deposit of certificates representing other shares of Coronation on like terms, the undersigned hereby agree(s) that the undersigned shall not be entitled to withdraw the certificate(s) representing shares of Coronation deposited hereunder except in accordance with the terms of the said Offer(s).

3. The undersigned irrevocably authorize(s) and instruct(s) the Agent and appoint(s) the Agent attorney of the undersigned, in the event of the said Offer(s) becoming binding on Cornat Industries Limited, to assign and transfer to Cornat Industries Limited all the right, title and interest of the undersigned in the shares of Coronation represented by the enclosed certificate(s) and for that purpose to make and execute all necessary acts of assignment and transfer of the said shares, with full power of substitution; and to cause the common shares of Cornat Industries Limited which the undersigned is/are entitled to receive pursuant to the said Offer(s) to be registered in the name(s) of the undersigned and certificates therefor to be forwarded to the undersigned or the first named of the undersigned at the following address:

If no address is inserted in the space provided above, the said certificate(s) and all other communications may be forwarded to the undersigned at the address of the undersigned or the first mentioned of the undersigned as recorded in the books of Coronation.

Name(s) of Coronation Shareholder(s)

Please Print

Signature(s) of Coronation
Shareholders

Signature(s) must be identical with name(s)
appearing on face of certificate(s).

Signatures guaranteed by
(see Instructions)

(Name of Guarantor)

(Authorized Signature)

This instrument, when duly executed, constitutes a transfer of the shares represented by the certificate(s) delivered herewith, which certificate(s) need not be endorsed or accompanied by stock powers.

INSTRUCTIONS

1. USE OF LETTER OF ACCEPTANCE AND TRANSMITTAL

Each registered holder of shares of Coronation desiring to accept the Offer(s) of Cornat Industries Limited should, as soon as possible, mail or deliver this Letter of Acceptance and Transmittal completely filled in and signed with signature(s) guaranteed as provided in Instruction 2, together with the share certificate(s) described therein, to National Trust Company, Limited, 510 Burrard Street, Vancouver 1, B.C. The method of delivery of Coronation shares is at the option and risk of the holder but, if mail is used, registered mail is recommended. Each Letter of Acceptance and Transmittal must be signed by the registered holder of the share certificate(s) deposited therewith.

2. SIGNATURE GUARANTEES

Signatures on the Letter of Acceptance and Transmittal must be guaranteed by a Canadian chartered bank or a trust company or bank satisfactory to National Trust Company, Limited, or a firm having membership in a recognized stock exchange in Canada, the United States or England, in the form customarily accepted for making delivery of share certificates on the Vancouver Stock Exchange or the Toronto Stock Exchange, or in some other manner satisfactory to National Trust Company, Limited.

3. AGENTS, FIDUCIARIES AND CORPORATIONS

Where the Letter of Acceptance and Transmittal is signed on behalf of a corporation, partnership, or association, or by an agent, executor, administrator, trustee, tutor, curator, guardian or any person acting in a representative capacity, the Letter of Acceptance and Transmittal must be accompanied by documentary evidence, satisfactory to National Trust Company, Limited, of authority to act.

4. ASSIGNMENT OF SHARES

The Letter of Acceptance and Transmittal, when executed, constitutes a transfer of the shares mentioned therein. Share certificates need not be endorsed or accompanied by stock powers.

CIRCULAR

ACCOMPANYING THE OFFERS DATED SEPTEMBER 5, 1969 BY CORNAT INDUSTRIES LIMITED (HEREINAFTER CALLED "CORNAT") TO ACQUIRE SHARES OF CORONATION CREDIT CORPORATION LIMITED (HEREINAFTER CALLED "CORONATION")

Organization of Cornat

Cornat was incorporated as a public company under the laws of the Province of British Columbia on August 5, 1969. Cornat has sufficient corporate powers to enable it to provide direct managerial, financial and supervisory services to subsidiary companies which can be engaged in diversified fields of business in the broadest sense.

The head office of Cornat is located at 1030 West Georgia Street, Vancouver, British Columbia.

Reasons For Forming Cornat

The purpose in forming Cornat and in making the offer is to afford the shareholders of Coronation an opportunity to participate in a wider range of activities than that in which Coronation is now permitted to engage. The activities of Coronation are limited to some extent by the restrictions imposed by the object provisions set out in its documents of incorporation but more by the conditions imposed on Coronation, as a mortgage lending company, under Trust Deeds arising out of its acquisition of funds for mortgage purposes on the money market. Coronation is thus inhibited in the diversification of its operations, the reconstruction of its profitability by acquisitions outside the mortgage field and the most efficient allocation of assets.

Monetary restrictions have had a serious impact on the mortgage companies of Canada during the last few years. These restrictions arose to some extent out of public reaction to the Atlantic Acceptance Corporation collapse, but more particularly from changes in legislation permitting other types of lending institutions to enter the direct lending field occupied by the mortgage and finance companies with the resultant diversion of funds formerly available to such companies. The problem has not been restricted to Canada, and both here and in the United States it has been dealt with by the formation of companies, similar to Cornat, which are not subject to such restrictions and whose operating subsidiaries have access to funds directly on the basis of their assets, operational capabilities and profit potential.

Investments of Coronation are limited not only by its documents of incorporation, but also by the terms of its Trust Deeds; in addition to limitations as to type of investment, Coronation is prohibited (except in a very restricted group of corporations and businesses) from investing in any company an amount in the aggregate exceeding 10% of its capital, surplus and unsecured debt. All limitations on the activities of Coronation are also extended to its subsidiaries, whose business activities, like Coronation's, are restricted to lending or investing funds secured by interests in and charges on property, or to other areas in the financial field. Due to these latter restrictions, Coronation has been required, in the interests of its shareholders, to maximize income through limited strong acquisitions in association with other companies. Cornat will be free of these restraints which now prevent Coronation from making many advantageous, independent acquisitions and moving into more profitable growth areas.

Cornat is not subject to limitations on its methods of raising additional capital and, accordingly, will be able to choose the method best suited to its requirements and to the interests of its shareholders.

The Basic Policies of Cornat

The basic policies of Cornat will be consistent with the reasons for its formation. In particular, the Directors of Cornat will be enabled and expect to take advantage of any favourable opportunity to expand in directions which represent logical extensions of the activities of Coronation, but which the restrictions on Coronation render impossible or unsuitable as activities of Coronation itself. Such expansion might include for example the formation or the acquisition, as subsidiaries of Cornat, of other companies in fields with good profit potential, in Canada or elsewhere; such expansion might also be undertaken directly by Cornat. While Cornat is empowered to engage, by acquisitions or otherwise, in businesses outside the financial field, Coronation will continue its operations in the mortgage business, as defined in its Trust Deeds.

To date Coronation has been able to engage in activities outside the mortgage field only through the participation in its transportation and cold storage companies by Douglas Developments Limited (hereinafter called "Douglas"), which is the promoter of Cornat. With the formation of Cornat the shareholdings of Douglas in Public Freightways Ltd., Rempel-Trail Transportation Ltd. and Tandem Holdings Ltd. (of which B.C. Ice and Cold Storage Ltd. is a wholly-owned subsidiary) have been acquired by Cornat in exchange for 28,979 Common shares of Cornat.

These shareholdings, acquired by Douglas for \$51,635.55, were sold to Cornat for an equivalent of \$56,798.84 and represented a value, as of July 31, 1969, based on the book value of the assets of Public Freightways Ltd., Rempel-Trail Transportation Ltd. and B.C. Ice and Cold Storage Ltd. of \$67,102.69 as verified by Clarkson, Gordon & Co. and Thorne, Gunn, Helliwell & Christenson, Chartered Accountants and Auditors of the respective companies. The average sale price on the Toronto Stock Exchange of the Common shares of Coronation for the month of July, 1969 (i.e. \$1.96) was used as the value of the common shares of Cornat issued to Douglas in consideration for the shareholdings acquired.

By agreement, in the event the Offer shall not be declared binding, Cornat has undertaken to transfer or otherwise dispose of its shareholdings in Public Freightways Ltd., Rempel-Trail Transportation Ltd. or Tandem Holdings Ltd. only at the direction of Coronation for a consideration not less than the price of acquisition.

Capitalization

The authorized capital of Cornat consists of 6,000,000 common shares without nominal or par value.

The only shares of Cornat presently outstanding are (i) 5 common shares issued for \$5.00 cash each to the incorporators of Cornat and (ii) 28,979 common shares issued to Douglas Developments Limited as consideration for 137,477 Class "B" shares of Public Freightways Ltd., 10 Class "A" shares of Rempel-Trail Transportation Ltd. and 186 Class "B" shares of Tandem Holdings Ltd., as described above.

A share purchase warrant evidencing the right to subscribe for 100,000 common shares of Cornat at \$3.00 per share until July 31, 1979 was issued to Douglas for a cash consideration of \$25,000.00; this subscription by Douglas was made to provide funds for the incorporation and organizational costs of Cornat and for the expenses incurred in making this Offer.

The capitalization of Cornat after the Offer will depend on the degree of acceptance by the shareholders of Coronation. There is a combined total of 3,982,185* Common shares and 6% Cumulative Redeemable Convertible Preference shares Series A of Coronation outstanding at the present time. Assuming all these shares of Coronation were exchanged for shares of Cornat, the capitalization of Cornat would be as follows:

	<u>Authorized</u>	<u>Outstanding</u>
common shares	6,000,000	4,011,169

NOTE: *An additional 444,292 Common shares are reserved for the exercise of share purchase or subscription warrants and employee option agreements.

Trading In Shares of Coronation

The price range and volume of trading of the shares of Coronation, monthly, since March 1, 1969, has been as follows:

STOCK EXCHANGES

	Toronto			Montreal			Vancouver		
	High	Low	Volume	High	Low	Volume	High	Low	Volume
Trading in Common shares									
March	\$3.35	\$3.00	155,019	\$3.30	\$3.05	55,624	\$3.35	\$3.05	25,048
April	\$3.35	\$2.90	97,119	\$3.30	\$2.95	14,745	\$3.30	\$3.00	19,795
May	\$3.15	\$2.75	96,036	\$3.15	\$2.80	25,535	\$3.15	\$2.90	7,800
June	\$3.00	\$2.15	94,800	\$2.95	\$2.20	22,900	\$2.90	\$2.55	1,600
July	\$2.50	\$1.60	43,433	\$2.60	\$1.65	6,450	\$2.20	\$2.20	100
August	\$2.00	\$1.65	28,415	\$2.20	\$1.65	9,700	\$2.00	\$1.75	5,223

Trading in 6% Cumulative Redeemable Convertible Preference shares Series A

March	\$3.40	\$3.00	69,365				—	—	—
April	\$3.45	\$2.95	42,050				\$3.40	\$3.20	3,325
May	\$3.15	\$2.75	40,560	Not Listed			\$3.15	\$2.80	1,600
June	\$2.95	\$2.25	31,600				—	—	—
July	\$2.50	\$2.00	17,415				\$2.00	\$1.95	5,600
August	\$2.30	\$1.90	9,913				\$2.10	\$2.05	860

Present Holdings of Shares of Coronation by Directors and Officers of Cornat and Certain Others

The Directors and Officers of Cornat hold shares in Coronation as follows:

Name and Address	Common	6% Cumulative Redeemable Convertible Preference Series A
DAVID S. BEATTY 268 Lytton Boulevard Toronto, Ontario	—	—
LATHAM C. BURNS 261 Warren Road Toronto 7, Ontario	—	—
WILLIAM E. DONNELLY 4725 Connaught Drive Vancouver, B.C.	734	54
WILLIAM J. FERGUSON, JR. 6555 Adera Street Vancouver, B.C.	11,874	8,126

Name and Address	Common	6% Cumulative Redeemable Convertible Preference Series A
ARTHUR J. N. FOSS 101 Cortleigh Boulevard Toronto, Ontario	250	—
G. MARTIN GREER 850 Inglewood Avenue West Vancouver, B.C.	—	—
RODERICK M. HUNGERFORD 6674 Marine Crescent Vancouver, B.C.	—	—
RICHARD I. NELSON 5630 Angus Drive Vancouver, B.C.	5,766	9,164
PETER PAUL SAUNDERS 2186 S. W. Marine Drive Vancouver, B.C.	11,170	11,930
GEORGE D. SHERWOOD 1125 Queens Avenue West Vancouver, B.C.	6,600	—

Douglas Developments Limited, which owns 28,979 common shares of Coronat, owns 238,720 Common shares and 34,100 6% Cumulative Redeemable Convertible Preference shares Series A of Coronation. Messrs. Donnelly, Ferguson, Hungerford, Nelson and Saunders are Directors of Douglas Developments Limited and of Coronation.

Derston Investment Corporation Ltd., of which Peter Paul Saunders is a principal shareholder, owns 81,875 6% Cumulative Redeemable Convertible Preference shares Series A of Coronation.

Davebar Investments Limited, of which David S. Beatty is President, owns 33,600 6% Cumulative Redeemable Convertible Preference shares Series A of Coronation. Mrs. David S. Beatty owns 5,600 6% Cumulative Redeemable Convertible Preference shares Series A of Coronation. Miss Barbara Beatty, daughter of David S. Beatty, owns 100 Common shares of Coronation.

The children of William E. Donnelly own 20 6% Cumulative Redeemable Convertible Preference shares Series A of Coronation.

Nancy Louise Saunders, wife of Peter Paul Saunders, owns 1000 6% Cumulative Redeemable Convertible Preference shares Series A, and holds In Trust for their children 1000 Common shares of Coronation.

Stuart Sherwood, wife of George D. Sherwood, owns 2,275 Common shares of Coronation. Stuart Ross Sherwood, son of George D. Sherwood, owns 48 Common shares of Coronation.

Cornat owns 100 Common shares of Coronation.

**Trading During the Last Six Months in Coronation Shares
By the Above Named**

	<u>Date</u> 1969	<u>Bought or sold</u>	<u>Number</u>	<u>Class</u>	<u>Price</u>
David S. Beatty	March 31	sold	300	Common	\$3.30
Aldyen Donnelly	May 30	bought	10	Series A	\$3.00
William E. Donnelly	August 1	bought	400	Common	\$1.02*
Robert Donnelly	August 13	bought	10	Series A	\$2.00
William J. Ferguson, Jr.	July 2	bought	462	Series A	\$2.35
	July 2	bought	105	Common	\$2.30
Peter Paul Saunders	March 28	bought	2000	Common	\$3.30
	March 28	bought	100	Common	\$3.35
	June 25	bought	4	Series A	\$2.35
	June 26	bought	100	Common	\$2.30
	June 26	bought	50	Series A	\$2.35
Nancy Louise Saunders	March 19	bought	1000	Series A	\$3.15
Nancy Louise Saunders In Trust (children)	May 9	bought	1000	Common	\$2.95
Mrs. Stuart Sherwood	July 30	sold	500	Series A	\$1.95
	July 30	bought	500	Common	\$1.65
	August 1	sold	250	Series A	\$2.05
	August 1	bought	300	Common	\$1.80
	August 13	sold	390	Series A	\$2.10
	August 13	sold	100	Series A	\$2.20
	August 13	sold	800	Series A	\$2.10
	August 13	bought	1400	Common	\$1.80
	August 14	bought	75	Common	\$1.75
Stuart Ross Sherwood	August 1	bought	18	Common	\$1.65

* Partial exercise of stock option

Tax Status of Cornat and of Its Shareholders

Cornat will be liable to pay income tax as a taxable Canadian corporation. Dividends received by it from the current earnings of Coronation will be tax free. Dividends from Cornat received by individuals resident in Canada will be entitled to the 20% dividend tax credit.

Stock Exchange Listings

Cornat is concurrently making application to list the common shares of Cornat on the Toronto Stock Exchange and the Vancouver Stock Exchange. Acceptance of listing will be subject to meeting the requirements of the exchange concerned, including the filing of required documents and the provision of evidence of satisfactory distribution.

Costs

The costs of the incorporation and organization of Cornat and of making the Offers will be borne by Cornat and are presently estimated at \$25,000.

Management

The Directors of Cornat are the same as those of Coronation. The following are the Directors and Officers of Cornat:

Directors:

RODERICK M. HUNGERFORD

6674 Marine Crescent, Vancouver, B.C.

Director of Douglas Developments Limited. President of Flex-Lox Industries Ltd. Up to October 15, 1968 was President of Clayburn-Harbison Ltd. Director of Coronation since 1967.

DAVID S. BEATTY

268 Lytton Boulevard, Toronto, Ontario

Financial Consultant. Up to January, 1966 was Deputy Chairman of the Board and President of Burns Bros. and Denton Limited. Director of Coronation since 1962.

LATHAM C. BURNS

261 Warren Road, Toronto 7, Ontario

President and Director of Burns Bros. and Denton Limited. Up to January, 1966 was Executive Vice-President of Burns Bros. and Denton Limited. Director of Coronation since 1967.

WILLIAM E. DONNELLY

4725 Connaught Drive, Vancouver, B.C.

Director of Douglas Developments Limited. Executive Vice-President and General Manager of Coronation Credit Corporation Limited and Vice-President of that Company since November, 1967. Up to November, 1967 was Vice-President of Laurentide Financial Corporation Ltd. Director of Coronation since 1968.

WILLIAM J. FERGUSON, JR.

6555 Adera Street, Vancouver, B.C.

Director of Douglas Developments Limited. President of Columbia Trailer Co. Ltd. Up to June 30, 1967 was President of Canadian Kenworth Ltd. Director of Coronation since 1958.

ARTHUR J. N. FOSS

101 Cortleigh Boulevard, Toronto, Ontario

Retired. Chairman of the Board of Coronation Credit Corporation Limited from November, 1966 to September, 1968. Prior to September, 1964 was a Deputy General Manager of the Bank of Montreal. Director of Coronation since 1966.

Directors (Continued)

RICHARD I. NELSON

5630 Angus Drive, Vancouver, B.C.

Director of Douglas Developments Limited. President and Chief Executive Officer of British Columbia Packers Limited. From 1965 to January, 1969 was President of Nelson Bros. Fisheries Limited. Director of Coronation since 1967.

PETER PAUL SAUNDERS

2186 S. W. Marine Drive, Vancouver, B.C.

President of Coronation Credit Corporation Limited. President of Douglas Developments Limited. Chairman of the Board of Coronation from 1958 to 1963. From April, 1966 to April, 1967 was Vice-Chairman of the Board of Laurentide Financial Corporation Ltd. Up to April, 1966 was President of Laurentide Financial Corporation Ltd. Director of Coronation from 1954 to 1963 and since 1967.

GEORGE D. SHERWOOD

1125 Queens Avenue, West Vancouver, B.C.

Vice-President of Odium Brown & T. B. Read Ltd. Up to December, 1966 was Vice-President of Thomas B. Read Company Ltd. Director of Coronation since 1958.

Officers:

Chairman of the Board

RODERICK M. HUNGERFORD

(Listed above)

President

PETER PAUL SAUNDERS

(Listed above)

Executive Vice-President

WILLIAM E. DONNELLY

(Listed above)

Secretary

G. MARTIN GREER

850 Inglewood Avenue,
West Vancouver, B.C.

Barrister and Solicitor.

Secretary and General Counsel of Coronation.

Auditors

Cornat's Auditors are Price, Waterhouse & Co., 1075 West Georgia Street, Vancouver 5, B.C. (who are also Auditors of Coronation).

Transfer Agent and Registrar

The Transfer Agent and Registrar of the Common shares in the capital of Cornat is National Trust Company, Limited, at its office, at 510 Burrard Street, in the City of Vancouver, British Columbia. A branch register is maintained at the principal office of the Transfer Agent and Registrar in the City of Toronto. The National Trust Company, Limited has also been appointed to keep at such office the register for the share purchase or subscription warrants and to receive subscriptions for common shares on exercise of such warrants.

Statutory Right of Withdrawal

Each Offer provides that any shares deposited by a shareholder of Coronation may be withdrawn by such shareholder until the expiration of 7 days from the date of the mailing of such Offers.

Approval of Circular

The contents of this Circular have been approved and the delivery thereof authorized by the Directors of Cornat.

CORNAT INDUSTRIES LIMITED

BALANCE SHEET

AS AT AUGUST 31, 1969

(Note 1)

ASSETS

CASH	\$17,329.50
INVESTMENT IN SHARES OF OPERATING COMPANIES	56,798.84
ORGANIZATION EXPENSE — estimated	25,000.00
	<hr/>
	99,128.34
	<hr/>

LIABILITIES

ACCRUED EXPENSES	\$17,304.50
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SHAREHOLDERS' EQUITY

SHARE WARRANT (Note 2)	25,000.00
SHARE CAPITAL (Note 1)	
Authorized:	
6,000,000 common shares without nominal or par value	
Outstanding:	
28,984 shares	56,823.84
	<hr/>
	99,128.34
	<hr/>

APPROVED ON BEHALF OF THE BOARD:

Peter Paul Saunders, Director

William E. Donnelly, Director

Notes to Balance Sheet

1. Share Capital:

The Company was incorporated August 5, 1969 and to date 5 common shares have been issued to the incorporators at \$5.00 each; and 28,979 common shares have been issued to Douglas Developments Limited in consideration for 137,477 Class "B" shares of Public Freightways Ltd., 10 Class "A" shares of Rempel-Trail Transportation Ltd., and 186 Class "B" shares of Tandem Holdings Ltd.

The Company proposes to make Offers to acquire shares of Coronation Credit Corporation Limited (other than those held by residents of the United States of America or the territories or possessions thereof) on the basis of one (1) common share of the Company for each one (1) Common share and for each 6% Cumulative Redeemable Convertible Preference share Series A of Coronation Credit Corporation Limited. There is a total of 3,982,185 Common shares and 6% Cumulative Redeemable Convertible Preference shares Series A of Coronation Credit Corporation Limited now outstanding.

2. Share Warrant:

A share purchase warrant evidencing the right to subscribe for 100,000 common shares of the Company at \$3.00 per share until July 31, 1979 has been issued to Douglas Developments Limited for \$25,000.00.

Auditors' Report

September 5, 1969

TO THE SHAREHOLDERS OF
CORNAT INDUSTRIES LIMITED:

We have examined the balance sheet of Cornat Industries Limited as at August 31, 1969. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion this balance sheet presents fairly the financial position of the Company as at August 31, 1969 in accordance with generally accepted accounting principles.

Price, Waterhouse & Co.
Chartered Accountants

Consent of Auditors

September 5, 1969

TO THE DIRECTORS OF
CORNAT INDUSTRIES LIMITED:

Pursuant to the provision of various provincial Securities Acts, we hereby consent to the use of our report dated September 5, 1969 on our examination of the balance sheet of Cornat Industries Limited as at August 31, 1969 which is to be included in the Offers dated September 5, 1969 relative to the offering of 3,982,185 common shares without nominal or par value of Cornat Industries Limited to shareholders of Coronation Credit Corporation Limited.

We have read the circular accompanying the Offers referred to above, and in our opinion the information contained therein which is derived from the financial statements contained in the circular or which is within our knowledge is presented fairly and is not misleading.

Price, Waterhouse & Co.
Chartered Accountants



CORONATION CREDIT CORPORATION LIMITED

507 - 1030 West Georgia Street
Vancouver 5, B.C.

610 - 36 Toronto Street,
Toronto 1, Ontario

September 5, 1969

TO THE SHAREHOLDERS

The enclosed Directors' Circular is furnished in connection with the Offers of Cornat Industries Limited dated September 5, 1969 to acquire shares in the capital of Coronation Credit Corporation Limited in exchange for common shares of Cornat Industries Limited.

I have been authorized to advise you that the Directors recommend acceptance of these Offers and that each of your Directors has, with respect to his own shares, agreed to accept these Offers to the extent stated in the Directors' Circular.

Yours very truly,

G. Martin Greer
Secretary and General Counsel

CORONATION CREDIT CORPORATION LIMITED

DIRECTORS' CIRCULAR

This Directors' Circular is furnished in connection with the Offers of Cornat Industries Limited (hereinafter called "Cornat"), dated September 5, 1969, for shares of Coronation Credit Corporation Limited (hereinafter called "Coronation").

Shareholdings and Intentions of Acceptance

Set forth below are the number of shares of Coronation beneficially owned, directly or indirectly, by each Director and Senior Officer of Coronation and certain others. The Directors and Senior Officers of Coronation intend to accept the Offers as indicated in the following table.

Directors or Senior Officers	Number of shares currently owned		Number of shares intending to accept this offer	
	Common	Series A	Common	Series A
David S. Beatty	—	—	—	—
Joseph E. Briggs	—	2,200	—	2,200
Latham C. Burns	—	—	—	—
William E. Donnelly	734	54	734	54
William J. Ferguson, Jr.	11,874	8,126	11,874	8,126
Arthur J. N. Foss	250	—	250	—
G. Martin Greer	—	—	—	—
Roderick M. Hungerford	—	—	—	—
Richard I. Nelson	5,766	9,164	5,766	9,164
Peter Paul Saunders	11,170	11,930	11,170	11,930
George D. Sherwood	6,600	—	6,600	—
Leslie Stimpson	—	—	—	—
Others				
Mrs. D. S. Beatty	—	5,600	—	5,600
Miss Barbara Beatty	100	—	100	—
Davebar Investments Limited	—	33,600	—	33,600
Derston Investment Corporation Ltd.	—	81,875	—	81,875
Aldyen Donnelly	—	10	—	10
Robert Donnelly	—	10	—	10
Douglas Developments Limited	238,720	34,100	238,720	34,100
Nancy Louise Saunders	—	1,000	—	1,000
Nancy Louise Saunders In Trust (children)	1,000	—	1,000	—
Stuart Sherwood	2,275	—	2,275	—
Stuart Ross Sherwood	48	—	48	—

Arrangements with Directors and Senior Officers

No arrangement or agreement has been made by Cornat with the Directors and Senior Officers of Coronation except that Messrs. D. S. Beatty, L. C. Burns, W. E. Donnelly, W. J. Ferguson, Jr., A. J. N. Foss, R. M. Hungerford, R. I. Nelson, Peter Paul Saunders and G. D. Sherwood who are Directors of Coronation have agreed to become Directors of Cornat. In addition, R. M. Hungerford, Chairman of Coronation, has agreed to become Chairman of Cornat; Peter Paul Saunders, President of Coronation, has agreed to become President of Cornat; W. E. Donnelly, Executive Vice-President of Coronation, has agreed to become Executive Vice-President of Cornat; and G. Martin Greer, Secretary and General Counsel of Coronation, has agreed to become Secretary of Cornat.

Interests in Contracts

No Director or Senior Officer of Coronation has any interest in any material contract to which Cornat is a party.

Trading in Shares of Coronation

This information is set out on page 9 of the Circular accompanying the Offers.

Material Changes

No Director or Senior Officer of Coronation has knowledge of any facts or information that indicate any material change in the financial position or prospects of Coronation since July 31, 1969, being the date of the last published annual financial statements.

Authorization

The contents of this Directors' Circular have been approved and the delivery thereof authorized by the Directors of Coronation.

FINANCIAL STATEMENTS

CORNAT INDUSTRIES LIMITED

BALANCE SHEET

DECEMBER 18, 1969

ASSETS

Cash	\$	6,148.12	
Interest Receivable		766.61	
Short-Term Investments		150,000.00	
Notes Receivable		63,500.00	\$ 220,414.73

INVESTMENTS

Public Freightways Ltd.		22,683.70	
Rempel-Trail Transportation Ltd.		16,269.00	
Tandem Holdings Ltd.		17,846.40	
Cortran Transport Limited		342,500.00	399,299.10

Coronation Credit (Note 2)

Preference shares (134,650—11.7%)		336,625.00	
Common shares (1,737,062—61.4%)		4,749,957.00	5,086,582.00

Organization Expenses (Notes)			25,123.00
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\$5,731,418.83

LIABILITIES & CAPITAL

Interest Payable	\$	2,410.94	
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Notes Payable to Affiliated Companies			319,801.79
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CAPITAL

Contributed Capital	\$	25,000.00	
Common Shares Issued (2,039,310)		5,384,206.10	5,409,206.10

\$5,731,418.83

NOTES TO BALANCE SHEET

1. Earnings on Investments have not been accrued.
2. Shares issued in exchange for Coronation Credit Corporation Shares are reflected at the book value of that Company's shares— Preference \$2.50—Common \$2.73.
3. Organization Expenses include pre-operating expenses and net interest expense.

CORNAT INDUSTRIES LIMITED

CONSOLIDATED BALANCE SHEET AS AT OCTOBER 30th, 1969

ASSETS

CURRENT

Cash	\$ 25,151	
Short-Term Investments (at cost)	368,340	
Trade Accounts Receivable (net)	1,457,797	
Inventories	115,229	
Prepaid Expenses	252,375	\$ 2,218,892

Mortgages and Finance Receivables and Properties held for sale	25,884,577
Unamortized Discount and Deferred Financing Expenses	480,952

FIXED ASSETS

Land and Buildings (net)	3,174,546	
Furniture and Fixtures (net)	93,926	
Vehicles and Equipment (net)	2,942,177	6,210,649

Goodwill and Organization Expenses	303,550
	<u>\$35,098,620</u>

LIABILITIES

CURRENT

Accounts Payable and Accrued Interest on Debt	\$1,661,390	
Short-Term Secured Notes	200,000	
Income Taxes Payable	279,572	\$ 2,140,962

Bank Loans	1,401,000
Deferred Income	163,921
Deferred Income Taxes	271,829

TERM CONTRACTS AND LONG-TERM DEBT

Long-Term Secured Notes	10,932,242
Equipment, Finance Contracts and Secured Debentures	1,612,202
Debentures	7,452,390
Unsecured Term Notes	182,000
	<u>\$24,156,546</u>

SHAREHOLDERS' EQUITY

Minority Interests in Consolidated Companies

Preference Shares	\$2,600,667	
Common Share Equity	2,900,587	
Retained Earnings	366,146	\$ 5,867,400

Contributed Capital	25,000
Common Shares Issued 1,887,961	5,049,674
	<u>10,942,074</u>
	<u>\$35,098,620</u>

CORNAT INDUSTRIES LIMITED AND SUBSIDIARY COMPANIES

PRO FORMA CONSOLIDATED STATEMENT OF NET INCOME

FOR THE FIVE YEARS ENDING JULY 31ST, 1969

ON A POOLING OF INTEREST BASIS

Sources of Net Income After Taxes but Before Minority Interests	1969	1968	1967	1966	1965
Transport Division	(\$ 49,800)	\$206,321	\$181,492	\$ 57,266	\$ 135,723
Freezer & Storage Division	34,507	149,970	94,804	65,204	65,630
Mortgage Division	419,639	25,118	126,652	(309,668)	860,024
	<u>404,346</u>	<u>381,409</u>	<u>402,948</u>	<u>(187,198)</u>	<u>1,061,377</u>
Less Minority interest in Preference Dividends and Common share earnings	(210,527)	(155,944)	(147,506)	5,816	(539,672)
Net Earnings available to Cornat Indus- tries Limited Common Shareholders	<u>\$193,819</u>	<u>\$225,465</u>	<u>\$255,442</u>	<u>(\$181,382)</u>	<u>\$ 521,707</u>

NOTES TO PRO-FORMA STATEMENT OF CONSOLIDATED NET INCOME

BASIS OF CONSOLIDATION OF SUBSIDIARY INCOMES:—

In preparing the foregoing statement of consolidated income, it was assumed that:—

1. Cornat Industries Limited held its investment in Coronation since August 1st, 1964.
2. Cornat Industries Limited and Coronation Credit Corporation Limited held their present investments in the storage and transportation divisions since August 1st, 1964.
3. The year-ends of all companies were assumed to be at July 31st. The actual year-ends used in the preparation of the pro-forma income statement are as follows:—

Coronation Credit Corporation Limited and subsidiaries	July 31st, 1969
Public Freightways Ltd. and subsidiary	March 31st, 1969
Rempel-Trail Transportation Ltd. and subsidiary	December 31st, 1968
Mid-West Tankers Ltd. and subsidiary	January 31st, 1969
B.C. Ice & Cold Storage Ltd. and subsidiary	March 31st, 1969

TREATMENT OF TAXES AND DEFERRED TAXES, ADJUSTMENTS TO SURPLUS

1. All adjustments to surplus were re-stated in terms of being either expense or revenue items in the year the adjustments were made, except as noted below:—

(a) Taxes and treatment of deferred taxes for Coronation Credit Corporation Limited have been revised to accord with the present management's philosophy of recording deferred taxes on the balance sheet and not as a reduction of the mortgage loss reserve. This treatment has the effect of eliminating the adjustment to surplus in 1968 in the amount of \$328,306 and adding it to the mortgage loss reserve expense of 1966. This reduced the before tax income for 1966 from \$147,679 to a loss of \$314,665.

The 1967 adjustment to surplus of Coronation Credit Corporation Limited in respect of taxes of prior years amounting to \$33,582 was re-applied to the tax expense of 1966.

The net effect of re-stating the surplus adjustments and tax deferment deductions referred to above, resulted in a reduction of 1966 net after tax income of the mortgage division from a profit of \$118,694 to a loss of \$309,668.

(b) After tax incomes of the subsidiaries which have been recently acquired were re-stated to reflect a 50% tax rate expense.

(c) A capital gain resulting from the sale of a subsidiary by a recently acquired subsidiary, amounting to \$183,500 in 1969, has been eliminated. The prior year's operating profits of the subsidiary which was sold were also eliminated.

(d) Dividends which were paid to the Coronation Credit Corporation Limited secondary preference and common shareholders were added back into income available for common shareholders for the years of 1966 and 1965; the reason being that the secondary preference shares have since been converted to common shares. No dividends were paid by Coronation Credit Corporation Limited during the period April 30th, 1966, to April 30th, 1969. Dividends in arrears at that time, attaching to the cumulative preference shares, were forgiven.

SPECIAL NOTES TO 1969 TRANSPORTATION DIVISION INCOME

The loss in the transportation division in 1969 resulted from management's decision to write off to depreciation on the books of a trucking company acquired during the year, the amount of \$71,065. This entry was made prior to Coronation's and Cornat's investment in this company. Although reflected as a deduction in the income of 1969, this adjustment is applicable to the previous 5 to 7 years. Had it been treated in this latter fashion, the 1969 transportation division loss would have been substantially decreased and the profits for the period 1965 to 1968 would have been reduced by approximately \$10,000.

